

Office of the  
Legislative Fiscal Analyst

## **FY 2004 Budget Recommendations**

Joint Appropriations Subcommittee for  
Higher Education

### **Utah Education Network – Agency Summary**

Contents:

- 1.0 Summary
- 2.0 Issues
- 3.0 Programs
- 4.0 Additional Information



**1.0 Agency Summary: Utah Education Network**

The Utah Education Network (UEN), a partnership of Utah’s public and higher education institutions, delivers distance learning educational services statewide. It operates the State’s two public television stations, KUED-7 and KULC-9; provides closed circuit two-way video services through EDNET; and connects state institutions to each other and the Internet with UtahLINK. It manages the UEN Satellite System, and prior to FY 2004, it received funds for College of Eastern Utah Distance Education.

The Analyst recommends \$19,776,200 for the Utah Education Network in FY 2004, including \$14,357,300 from state tax revenue.

	<b>Analyst FY 2004 Base</b>	<b>Analyst FY 2004 Changes</b>	<b>Analyst FY 2004 Total</b>
<b>Financing</b>			
General Fund	14,620,900	(263,600)	14,357,300
Federal Funds	4,195,000		4,195,000
Dedicated Credits	1,037,000		1,037,000
Transfers	186,900		186,900
Beginning Balance	145,600	(145,600)	
Closing Balance	(145,600)	145,600	
<b>Total</b>	<b>\$20,039,800</b>	<b>(\$263,600)</b>	<b>\$19,776,200</b>
<b>Programs</b>			
Utah Education Network	18,322,200		18,322,200
UEN Satellite System	1,454,000		1,454,000
CEU Distance Education	263,600	(263,600)	
<b>Total</b>	<b>\$20,039,800</b>	<b>(\$263,600)</b>	<b>\$19,776,200</b>
<b>FTE/Other</b>			
Total FTE	110	(6)	104

## **2.0 Issues: Utah Education Network**

### **2.1 Impact of 2002 Sixth Special Session**

As part of its December, 2002 Special Session, the Legislature reduced ongoing state budgets to fill a revenue shortfall of \$117.3 million. One-time FY 2003 stop-gap appropriations will not recur in FY 2004, thus state agency base budgets will be lower by the amount of the original cut. For the Utah Education Network's three line-items, the base reduction is \$283,200.

**General Fund.....(\$283,200)**

### **2.2 Facility Operations and Maintenance**

UEN completed expansion of the Eccles Broadcast Center in November, 2001. It requests an ongoing budget increase of \$160,000 for operations and maintenance of that facility beginning in FY 2004.

### **2.3 Impact of Enrollment Growth on Network Capacity**

New students and increased reliance upon online services doubles network traffic every eighteen months. UEN requests \$620,000 in ongoing state funds to meet this increasing demand with investment in network infrastructure, videoconferencing capacity, and web-hosting resources.

### **2.4 Leveraging Federal E-Rate Program**

Acquisition of "end-to-end" telecommunications services can leverage UEN's requested ongoing increases. Federal E-Rate discounts could extend an investment of \$360,000 by an additional \$650,000.

### **2.5 Transition to Lower Cost, Interactive Media**

In June, 2004, the Utah Education Network's contract with its satellite transponder provider will expire. The Analyst recommends careful consideration of Internet Protocol based interactive video as an alternative to one-way satellite telecommunications.

### **2.2 Transfer from Utah Education Network to College of Eastern Utah**

Since 1997, the Legislature has appropriated funds to the Utah Education Network to support the College of Eastern Utah's Distance Education network. UEN in turn allocates the funds to CEU, but does not manage their expenditure. Given recent improvements in financial tracking and reporting at CEU, the Analyst recommends transferring the CEU Distance Education appropriation from UEN to CEU.

**General Fund at UEN.....(\$263,600)**  
**General Fund at CEU.....\$263,600**

**4.0 Additional Information**

**4.1 Funding History**

	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
<b>Financing</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Estimated*</b>	<b>Analyst</b>
General Fund	2,375,400	2,415,800	2,649,700	14,620,900	14,357,300
General Fund, One-time		(200)	(61,000)	118,000	
Uniform School Fund	10,947,600	10,975,000	10,936,800		
Uniform School Fund, One-time		2,000,000	2,606,400		
Income Tax			1,967,500		
Income Tax, One-time	241	5,300	(17,500)		
Federal Funds		3,346,800	2,501,400	4,195,000	4,195,000
Dedicated Credits		1,084,100	582,600	891,800	1,037,000
Transfers	811,750	(160,200)	426,100	373,400	186,900
Beginning Balance	1,532,323	2,283,000	3,273,200	4,178,300	
Closing Balance	(880,790)	(3,041,000)	(4,178,300)	(145,600)	
<b>Total</b>	<b>\$14,786,524</b>	<b>\$18,908,600</b>	<b>\$20,686,900</b>	<b>\$24,231,800</b>	<b>\$19,776,200</b>
<b>Programs</b>					
Utah Education Network	12,182,748	16,519,800	19,047,000	22,392,500	18,322,200
UEN Technology Initiative	615,000	615,000			
UEN Satellite System	1,724,300	1,526,500	1,357,300	1,573,600	1,454,000
CEU Distance Education	264,476	247,300	282,600	265,700	
<b>Total</b>	<b>\$14,786,524</b>	<b>\$18,908,600</b>	<b>\$20,686,900</b>	<b>\$24,231,800</b>	<b>\$19,776,200</b>
<b>Expenditures</b>					
Personal Services	4,918,129	5,720,800	6,823,800	6,880,500	6,611,800
In-State Travel	295,773	81,200	118,900	113,700	117,800
Out of State Travel		200,400	190,100	185,200	189,300
Current Expense	6,967,819	1,257,900	1,596,000	1,881,700	1,754,100
DP Current Expense		5,381,000	7,739,700	9,701,100	9,651,300
DP Capital Outlay	615,000	2,731,300	1,537,700	4,498,900	1,412,600
Capital Outlay	1,989,803	1,402,100	2,315,100	39,300	34,300
Other Charges/Pass Thru		2,133,900	365,600	931,400	5,000
<b>Total</b>	<b>\$14,786,524</b>	<b>\$18,908,600</b>	<b>\$20,686,900</b>	<b>\$24,231,800</b>	<b>\$19,776,200</b>
<b>FTE/Other</b>					
Total FTE	76	104	111	110	104

\*General and school funds as revised by Supplemental Bills I-V, 2002 General and Special Sessions. Other funds as estimated by agency.

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**1.0 Summary: Utah Education Network**

The Utah Education Network (UEN), a partnership of Utah’s public and higher education institutions, delivers distance learning educational services statewide. It operates the State’s two public television stations, KUED-7 and KULC-9; provides closed circuit two-way video services through EDNET; and connects state institutions to each other and the Internet with UtahLINK. Its mission is to “provide the citizens of Utah access to the highest quality, most effective instructional experiences, administrative support services, library services, student services, and teacher resources regardless of location or time.”

The Analyst recommends \$18,322,700 for the Utah Education Network in FY 2004, including \$12,903,300 from state tax revenue.

	<b>Analyst FY 2004 Base</b>	<b>Analyst FY 2004 Changes</b>	<b>Analyst FY 2004 Total</b>
<b>Financing</b>			
General Fund	12,903,300		12,903,300
Federal Funds	4,195,000		4,195,000
Dedicated Credits Revenue	1,037,000		1,037,000
Transfers	186,900		186,900
<b>Total</b>	<b>\$18,322,200</b>	<b>\$0</b>	<b>\$18,322,200</b>
<b>Programs</b>			
Administration	1,381,300		1,381,300
Public Information	375,400		375,400
KULC Broadcast	590,700		590,700
Technical Services	12,557,700		12,557,700
Instructional Services	2,696,400		2,696,400
Instructional Delivery	720,700		720,700
<b>Total</b>	<b>\$18,322,200</b>	<b>\$0</b>	<b>\$18,322,200</b>
<b>FTE/Other</b>			
Total FTE	99		99

## **2.0 Issues: Utah Education Network**

### **2.1 Impact of 2002 Sixth Special Session**

As part of its December, 2002 Special Session, the Legislature reduced ongoing state budgets to fill a revenue shortfall of \$117.3 million. One-time FY 2003 stop-gap appropriations will not recur in FY 2004, thus state agency base budgets will be lower by the amount of the original cut. For the Utah Education Network, the base reduction is \$249,900. (See page 6.)

**General Fund.....(\$249,900)**

### **2.2 Facility Operations and Maintenance**

UEN completed expansion of the Eccles Broadcast Center in November, 2001. It requests an ongoing budget increase of \$160,000 for operations and maintenance of that facility beginning in FY 2004. (See page 6.)

### **2.3 Impact of Enrollment Growth on Network Capacity**

New students and increased reliance upon online services doubles network traffic every eighteen months. UEN requests \$620,000 in ongoing state funds to meet this demand growth with investment in network infrastructure, videoconferencing capacity, and web-hosting resources. (See page 11.)

### **2.4 Leveraging Federal E-Rate Program**

Acquisition of “end-to-end” telecommunications services can leverage UEN’s requested ongoing increases. Federal E-Rate discounts could extend an investment of \$360,000 by an additional \$650,000. (See page 12.)

### 3.0 Programs: Utah Education Network

#### 3.1 Administration

##### Recommendation

The Analyst recommends \$1,381,300 for Utah Education Network Administration in FY 2004. This amount includes \$819,800 from state tax funds and represents a 40% decrease from the FY 2003 revised estimated budget. This decrease is in large-part due to the planned expenditure of one-time carry-forward balances in FY 2003.

	2002 Actual	2003 Estimated	2004 Analyst	Est/Analyst Difference
<b>Financing</b>				
General Fund	252,800	834,800	819,800	(15,000)
General Fund, One-time		5,400		(5,400)
Uniform School Fund	1,319,200			
Federal Funds	389,300	299,600	299,600	
Dedicated Credits Revenue	253,100	75,000	75,000	
Transfers	426,100	373,400	186,900	(186,500)
Beginning Nonlapsing	1,493,500	732,900		(732,900)
Closing Nonlapsing	(732,900)			
<b>Total</b>	<b>\$3,401,100</b>	<b>\$2,321,100</b>	<b>\$1,381,300</b>	<b>(\$939,800)</b>
<b>Expenditures</b>				
Personal Services	515,600	518,300	518,300	
In-State Travel		2,500	2,500	
Out of State Travel	9,100	14,500	14,500	
Current Expense	699,800	846,400	841,000	(5,400)
Capital Outlay	2,176,600	5,000		(5,000)
Other Charges/Pass Thru		934,400	5,000	(929,400)
<b>Total</b>	<b>\$3,401,100</b>	<b>\$2,321,100</b>	<b>\$1,381,300</b>	<b>(\$939,800)</b>
<b>FTE/Other</b>				
Total FTE	9	9	9	

\*General and school funds as revised by Supplemental Bills I-V, 2002 General and Special Sessions. Other funds as estimated by agency

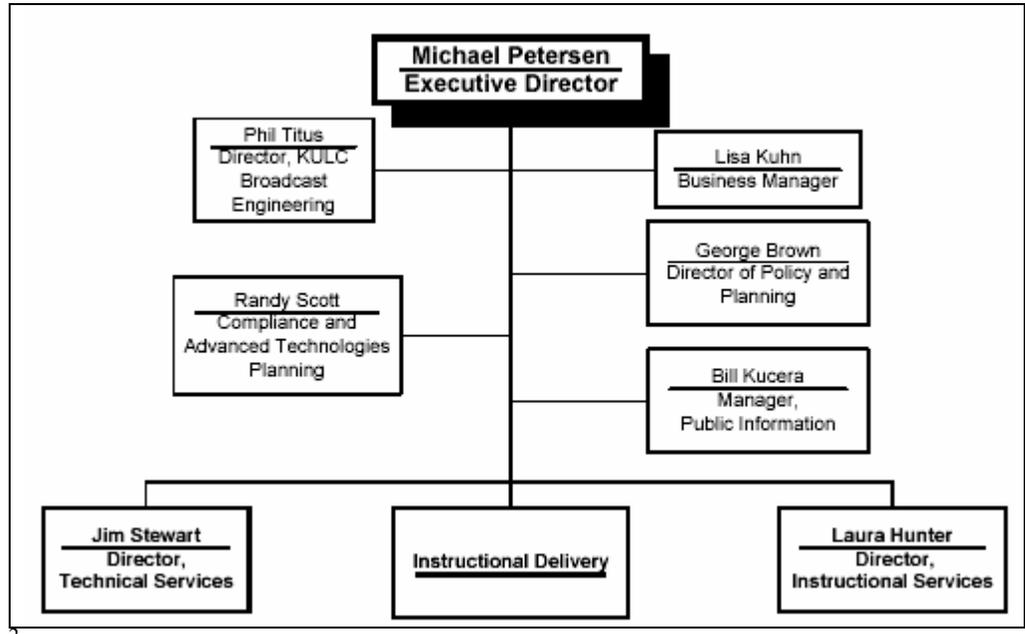
##### Purpose

The Administration program provides leadership and financial management to the Utah Education Network, including strategic planning, policy development, financial accounting, and agency accountability. It sets priorities, develops budget requests, and makes funding allocations within the UEN line-item. It directly supports the UEN Steering Committee.<sup>1</sup>

Appropriations for UEN Administration includes funding for facilities (\$2,176,600 in FY 2002) as well as the UEN reserve account (\$934,400 in FY 2003).

An organization chart for UEN Administration follows.

<sup>1</sup> Petersen, Mike. FY 2004 Budget Submission to the Governor's Office of Planning and Budget. September, 2002.



*Base resources reduced by \$249,900*

In its attempt to address a \$117.3 million revenue shortfall for FY 2003, the Utah Legislature in December, 2002 enacted across-the-board budget cuts for state agencies, higher education, and public education. Legislators reduced ongoing appropriations for the UEN line-item by \$249,900.

To mitigate the impact of these cuts in the short-term, the Legislature made restorations from one-time funds for FY 2003 only. In doing so it provided \$104,400 in one-time FY 2003 General Funds to UEN. The net impact on UEN for FY 2003 was (\$145,800).

The one-time stop-gap appropriation for FY 2003 will not recur in FY 2004, thus UEN’s FY 2004 base is \$249,900 lower than originally appropriated during the 2002 General Session for FY 2003.

These base reductions are spread proportionately among UEN’s programs and can be reallocated within the UEN line-item without Legislative approval. A matrix of the reductions is available from the Legislative Fiscal Analyst upon request.

*Building Operations and Maintenance*

UEN completed expansion of the Eccles Broadcast Center in November, 2001. A \$265,000 ongoing appropriation for this expansion was rescinded in FY 2001, when it became clear that the building would not be ready for occupancy in that fiscal year. As the expansion is now complete, UEN is requesting an ongoing budget increase of \$160,000 beginning in FY 2004.

<sup>2</sup> UEN Administration Organization Chart. Administration Services – Utah Education Network. Utah Education Network. January 21, 2003. [http://www.uen.org/administration/html/uen\\_pi.pdf](http://www.uen.org/administration/html/uen_pi.pdf).

### 3.2 Public Information

#### Recommendation

The Analyst recommends \$375,400 for Utah Education Network Public Information in FY 2004. This represents a maintenance-of-effort budget compared with the FY 2003 revised estimated amount. Supplemental state fund decreases appropriated to this program will be transferred to other areas of the budget.

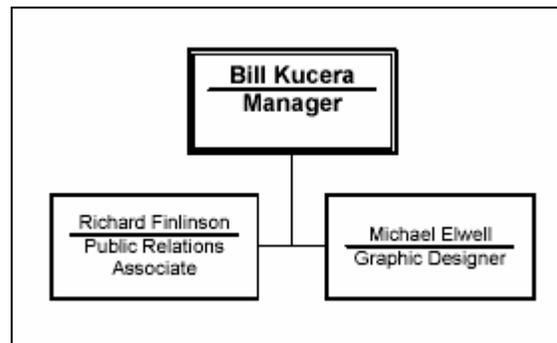
	2002 Actual	2003 Estimated	2004 Analyst	Est/Analyst Difference
<b>Financing</b>				
General Fund		(3,000)		3,000
General Fund, One-time		1,300		(1,300)
Federal Funds	347,600	375,400	375,400	
<b>Total</b>	<b>\$347,600</b>	<b>\$373,700</b>	<b>\$375,400</b>	<b>\$1,700</b>
<b>Expenditures</b>				
Personal Services	148,300	142,800	142,800	
In-State Travel	300			
Out of State Travel	6,300	12,500	12,500	
Current Expense	187,800	215,400	217,100	1,700
Capital Outlay	4,900	3,000	3,000	
<b>Total</b>	<b>\$347,600</b>	<b>\$373,700</b>	<b>\$375,400</b>	<b>\$1,700</b>
<b>FTE/Other</b>				
Total FTE	3	3	3	

\*General and school funds as revised by Supplemental Bills I-V, 2002 General and Special Sessions. Other funds as estimated by agency

#### Purpose

The Public Information budget supports advertising and outreach regarding the Utah Education Network, its services, and the programming offered on its networks. It is wholly supported by a grant from the Coproration for Public Broadcasting.

An organization chart of Public Information follows.



<sup>3</sup> Public Information Dept. Organization Chart.. Administration Services – Utah Education Network. Utah Education Network. January 21, 2003. [http://www.uen.org/administration/html/uen\\_pi.pdf](http://www.uen.org/administration/html/uen_pi.pdf).

### 3.3 KULC Broadcast

#### Recommendation

The Analyst recommends \$590,700 for KULC Broadcast in FY 2004. This represents a maintenance-of-effort budget from the FY 2003 revised estimated budget corrected for one-time expenses.

	2002 Actual	2003 Estimated	2004 Analyst	Est/Analyst Difference
<b>Financing</b>				
Uniform School Fund, One-time	1,701,200			
Federal Funds	320,000	320,000	320,000	
Dedicated Credits Revenue	139,500	270,700	270,700	
Beginning Nonlapsing	1,649,700	3,192,000		(3,192,000)
Closing Nonlapsing	(3,192,000)			
<b>Total</b>	<b>\$618,400</b>	<b>\$3,782,700</b>	<b>\$590,700</b>	<b>(\$3,192,000)</b>
<b>Expenditures</b>				
Personal Services	307,400	313,500	313,500	
In-State Travel		2,000	2,000	
Out of State Travel	400	6,500	6,500	
Current Expense	3,800			
DP Current Expense	306,800	253,700	253,700	
DP Capital Outlay		3,192,000		(3,192,000)
Capital Outlay		15,000	15,000	
<b>Total</b>	<b>\$618,400</b>	<b>\$3,782,700</b>	<b>\$590,700</b>	<b>(\$3,192,000)</b>
<b>FTE/Other</b>				
Total FTE		8	7	7

\*General and school funds as revised by Supplemental Bills I-V, 2002 General and Special Sessions. Other funds as estimated by agency

#### Purpose

The KULC Broadcast budget supports operations and programming on KULC Television. This includes public education instructional television, college telecourses, adult education telecourses, and life-long learning.

In FY 2003, this program included \$3,192,000 in one-time expenses associated with digital television conversion. Of that amount, \$1.7 million was from state tax revenue. KULC's ongoing budget is funded with federal grants and dedicated credits.

### 3.4 KUED Digital Television Conversion

**Recommendation** The Analyst recommends no state funds for KUED Digital Television Conversion in FY 2004.

	2002 Actual	2003 Estimated	2004 Analyst	Est/Analyst Difference
<b>Financing</b>				
Uniform School Fund, One-time	365,600			
<b>Total</b>	<u>\$365,600</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>Expenditures</b>				
Other Charges/Pass Thru	365,600			
<b>Total</b>	<u>\$365,600</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

\*General and school funds as revised by Supplemental Bills I-V, 2002 General and Special Sessions. Other funds as estimated by agency

**Purpose** In FY 2002, the Legislature provided one-time funds to convert KUED Television from analog to digital technology. KUED is currently broadcasting both analog and digital signals. No additional funding has been requested since FY 2002.

### 3.5 Technical Services

#### Recommendation

The Analyst recommends \$12,557,700 for Technical Services in FY 2004. This amount includes \$9,666,200 from state tax funds and represents a slight increase from the FY 2003 revised estimated budget. The increase is due to additional dedicated credits collections.

	2002 Actual	2003 Estimated	2004 Analyst	Est/Analyst Difference
<b>Financing</b>				
General Fund		9,349,800	9,666,200	316,400
General Fund, One-time	2,335,900	75,500		(75,500)
Uniform School Fund	7,155,100	304,400		(304,400)
Uniform School Fund, One-time	539,600			
Income Tax	450,100			
Income Tax, One-time	(263,400)			
Federal Funds	853,100	2,500,000	2,500,000	
Dedicated Credits Revenue	86,800	246,300	391,500	145,200
<b>Total</b>	<b>\$11,157,200</b>	<b>\$12,476,000</b>	<b>\$12,557,700</b>	<b>\$81,700</b>
<b>Expenditures</b>				
Personal Services	3,521,700	3,582,600	3,582,600	
In-State Travel	78,400	74,100	74,100	
Out of State Travel	136,500	110,200	110,200	
Current Expense	30,000			
DP Current Expense	5,753,100	7,402,200	7,378,200	(24,000)
DP Capital Outlay	1,530,900	1,306,900	1,412,600	105,700
Capital Outlay	106,600			
<b>Total</b>	<b>\$11,157,200</b>	<b>\$12,476,000</b>	<b>\$12,557,700</b>	<b>\$81,700</b>
<b>FTE/Other</b>				
Total FTE	48	48	48	

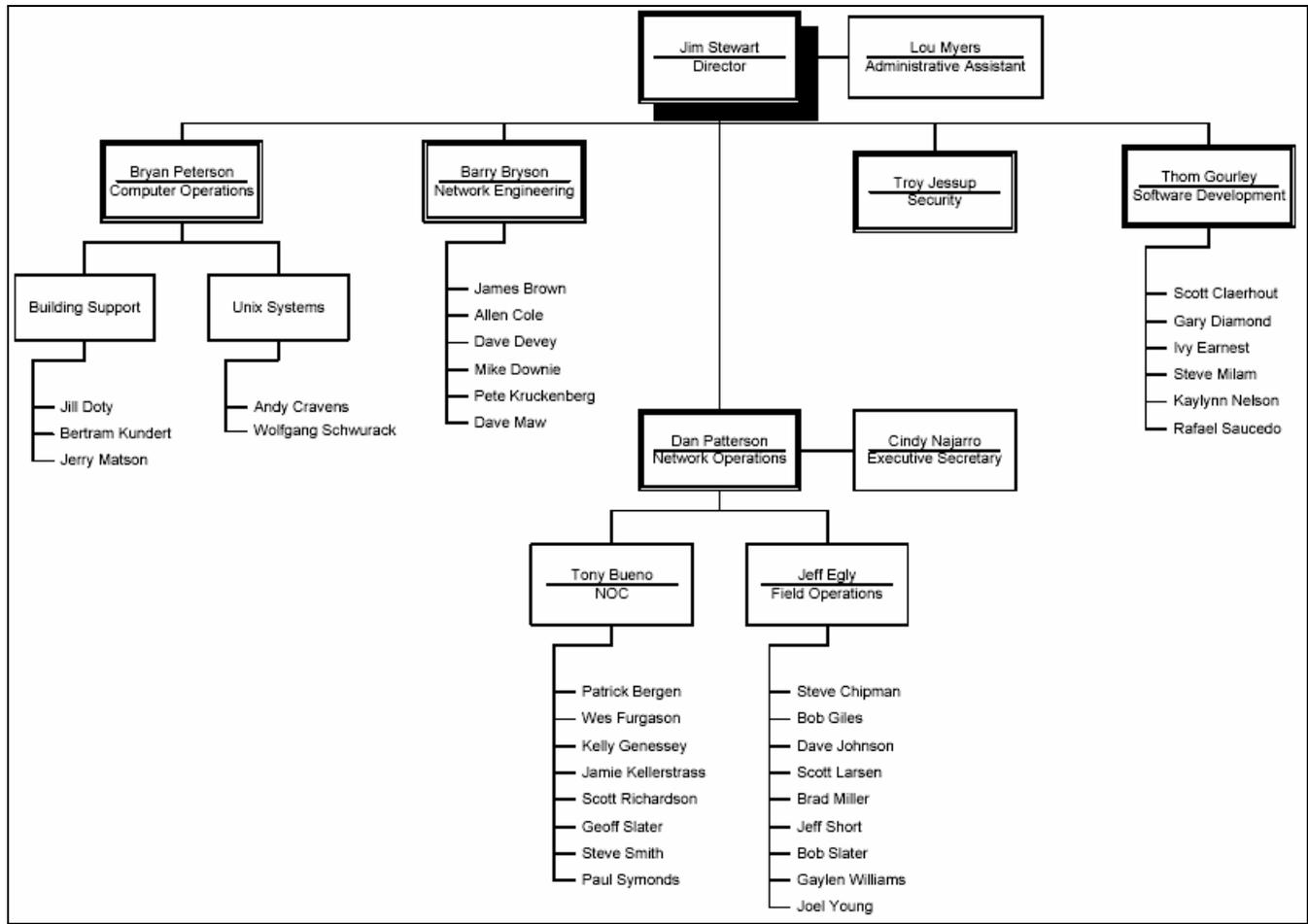
\*General and school funds as revised by Supplemental Bills I-V, 2002 General and Special Sessions. Other funds as estimated by agency

#### Purpose

Technical Services provides the network infrastructure required to deliver UEN’s services. It covers circuits, routers, switches, Internet access facilities, and other hardware and software. It also supports connectivity for mission critical applications run by public education institutions, colleges and universities, libraries, and state government.<sup>4</sup>

An organization chart for Technical Services follows.

<sup>4</sup> Petersen, Mike. FY 2004 Budget Submission to the Governor’s Office of Planning and Budget. September, 2002.



*Impact of Enrollment Growth on Network Capacity*

As Utah’s student population grows, so does demand upon the Utah Education Network. In FY 2004, 4,800 new children will be added to public education rolls. In the same year, 5,676 new college students will attend Utah’s institutions of higher education. All of these students will demand resources from the Utah Education Network.

The population growth described above is compounded by increasing reliance on internet based services. Initiatives to move students and citizens “on-line instead of in-line” all rely upon UEN.

Population growth and increased utilization drive network traffic to double every eighteen months.

To serve this increasing demand, UEN requests an ongoing budget increase of \$620,000 beginning in FY 2004. The request would fund network reliability and capacity (\$360,000), EDNET videoconferencing obsolescence (\$120,000), and limited web server capacity (\$140,000).

<sup>5</sup> *Technical Operations Organizational Chart.. Technical Services – Utah Education Network.* Utah Education Network. January 21, 2003. <http://www.uen.org/technical/pdf/UENorgchart.pdf>.

In conjunction with these requests for state funds, UEN is pursuing increased reimbursements through the federal E-Rate program.

*Leverage state investment with E-Rate discounts*

E-Rate is a \$2.25 billion federal subsidy of telecommunications services for schools and libraries. It was established in the Telecommunications Act of 1996 and has been regulated by the Federal Communications Commission since 1997. It discounts between 20% and 90% of telecommunications line and equipment charges, depending upon socioeconomic strata and demographics of populations served.

Applicants must follow a complicated three to four step process prescribed by the FCC in order to receive funds. They must acquire service through a competitive process and develop a technology plan. They are reimbursed after services have been provided and associated costs paid.

Reimbursement rates and qualifying expenses are predicated upon participation in the free and reduced price National School Lunch Program (NSLP). "Priority One" schools, those with less than 75% participation in NSLP, qualify for discounts on local and long distance phone charges, data circuit charges, and internet service/e-mail costs. "Priority Two" institutions further qualify for discounts on wiring, installation, maintenance, and equipment costs related to telecommunications.

*UEN plays a crucial role in statewide E-Rate participation*

In the past, E-Rate has also reimbursed states for "end-to-end service." In these cases, institutions or consortia have purchase service, including costs associated with depreciation of equipment, from commercial vendors. These costs are then partially reimbursed by E-Rate.

Utah can increase its E-Rate reimbursements an estimated \$1 - \$2 million by insuring that all schools: apply for and receive E-Rate awards; carefully account for telecommunications costs; accurately collect and report NSLP qualification levels; and pursue, where appropriate, end-to-end services.

UEN is a key player in Utah's E-Rate participation. UEN currently coordinates school districts' application for E-Rate, and consults district managers on E-Rates administrative requirements.

*Additional ongoing investments qualify for a nearly 2x1 federal match*

As a consortium of public education, UEN itself qualifies for E-Rate reimbursement. It received \$853,000 in reimbursements in FY 2002. It plans to increase that amount by approximately \$1.7 million in FY 2002 and FY 2003.

An ongoing appropriation of \$360,000 for network expansion, described above, would allow UEN to secure end-to-end services from private telecommunications providers on multi-year contracts. Such "bundling" could result in an additional \$650,000 per year.

### 3.6 Instructional Services

#### Recommendation

The Analyst recommends \$2,696,400 for Instructional Services in FY 2004. This amount includes \$1,696,600 from state tax funds and represents a \$16,000 decrease from the FY 2003 revised estimated budget. The decrease is due to the loss of one-time stop-gap funds provided in the 2002 Sixth Special Session.

	2002 Actual	2003 Estimated	2004 Analyst		Est/Analyst Difference
<b>Financing</b>					
General Fund		1,997,700	1,696,600	3,694,300	(301,100)
General Fund, One-time		16,100		16,100	(16,100)
Uniform School Fund	1,735,300	(301,100)		(3,771,700)	301,100
Federal Funds	591,400	700,000	700,000		
Dedicated Credits Revenue	103,200	299,800	299,800		
<b>Total</b>	<b>\$2,429,900</b>	<b>\$2,712,500</b>	<b>\$2,696,400</b>		<b>(\$16,100)</b>
<b>Expenditures</b>					
Personal Services	1,174,500	1,177,900	1,177,900		
In-State Travel	27,600	23,200	23,200		
Out of State Travel	30,700	26,700	26,700		
Current Expense	618,200	697,100	681,000	(61,300)	(16,100)
DP Current Expense	550,800	780,800	780,800		
DP Capital Outlay	6,800				
Capital Outlay	21,300	6,800	6,800		
<b>Total</b>	<b>\$2,429,900</b>	<b>\$2,712,500</b>	<b>\$2,696,400</b>		<b>(\$16,100)</b>
<b>FTE/Other</b>					
Total FTE	19	19	19		

\*General and school funds as revised by Supplemental Bills I-V, 2002 General and Special Sessions. Other funds as estimated by agency

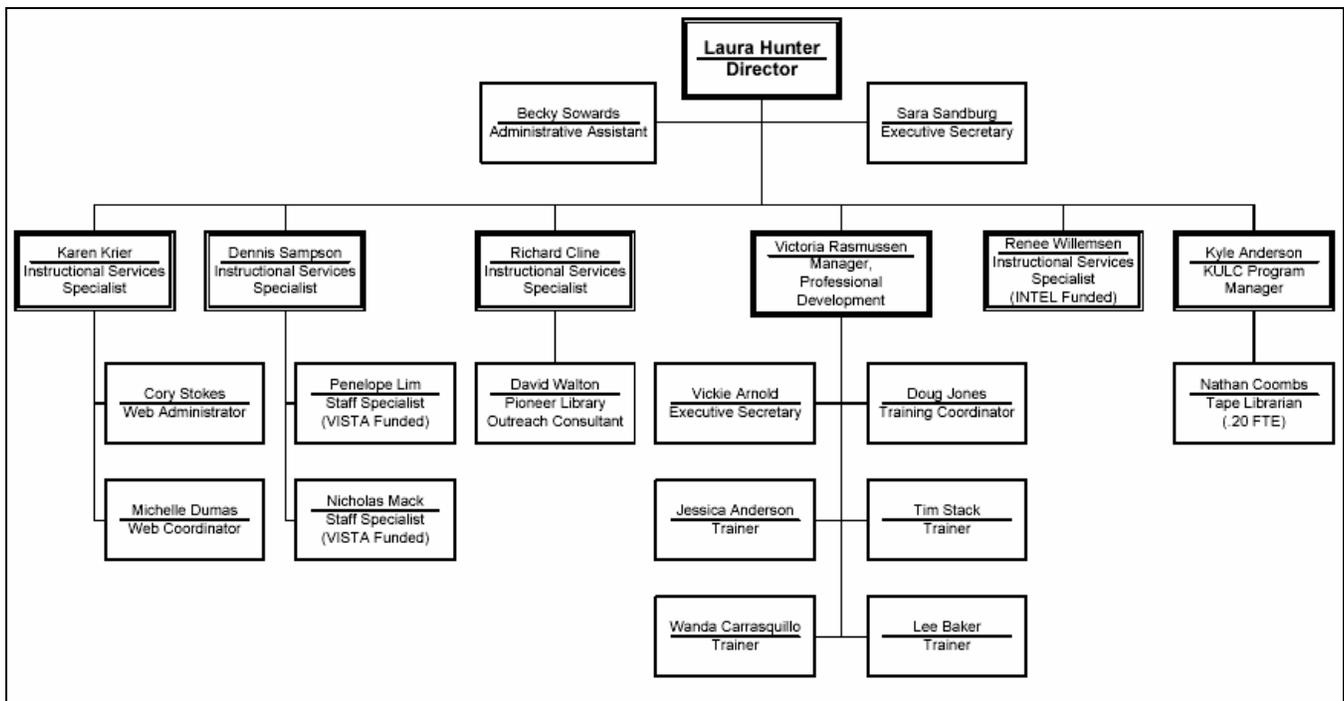
#### Purpose

Instructional Services “coordinates, administers, and advances quality content which supports teaching and learning.”<sup>6</sup> It offers training on integrating technology into classroom instruction, provides direct curriculum support and coordination, and attempts to increase utilization of on-line resources.<sup>7</sup>

An organization chart for instructional services follows.

<sup>6</sup> Petersen, Mike. FY 2004 Budget Submission to the Governor’s Office of Planning and Budget. September, 2002.

<sup>7</sup> *Ibid.*



8

<sup>8</sup> *Instructional Services Org Chart.* Instructional Services – Utah Education Network. Utah Education Network. January 21, 2003. [http://www.uen.org/iss/html/uen\\_is.pdf](http://www.uen.org/iss/html/uen_is.pdf).

### 3.7 Instructional Delivery

**Recommendation**

The Analyst recommends \$720,700 from state tax funds for Instructional Delivery in FY 2004. This represents a \$5,800 decrease from the FY 2003 revised estimated budget. The decrease is due to the loss of one-time stop-gap funds provided in the 2002 Sixth Special Session.

	2002 Actual	2003 Estimated	2004 Analyst	Est/Analyst Difference
<b>Financing</b>				
General Fund		724,000	720,700	(3,300)
General Fund, One-time		5,800		(5,800)
Uniform School Fund	727,200	(3,300)		3,300
<b>Total</b>	<b>\$727,200</b>	<b>\$726,500</b>	<b>\$720,700</b>	<b>(\$5,800)</b>
<b>Expenditures</b>				
Personal Services	658,800	648,300	648,300	
In-State Travel	12,600	11,900	16,000	4,100
Out of State Travel	7,100	14,800	18,900	4,100
Current Expense	43,000	15,000	15,000	
DP Current Expense		27,000	13,000	(14,000)
Capital Outlay	5,700	9,500	9,500	
<b>Total</b>	<b>\$727,200</b>	<b>\$726,500</b>	<b>\$720,700</b>	<b>(\$5,800)</b>
<b>FTE/Other</b>				
Total FTE	13	13	13	

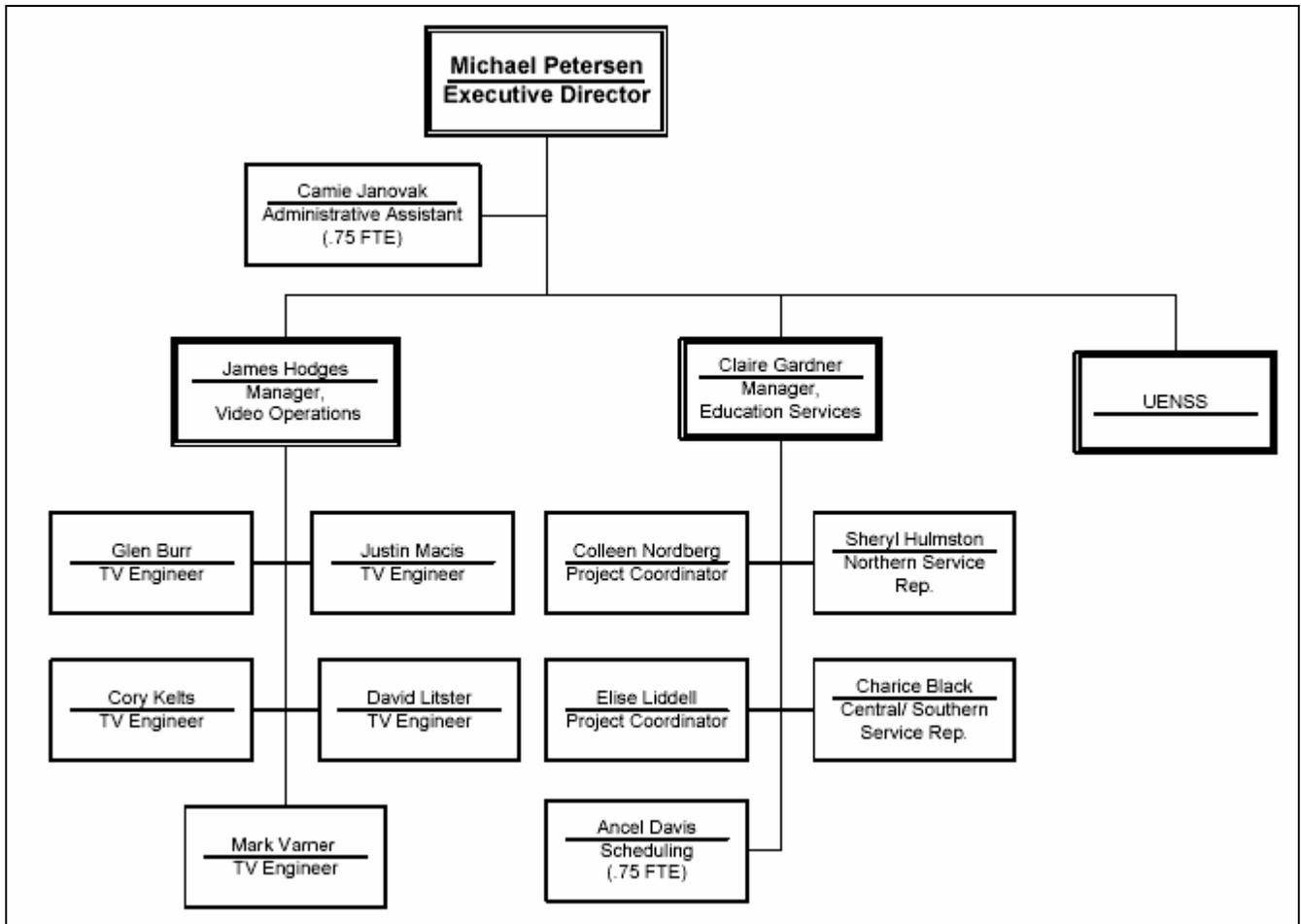
\*General and school funds as revised by Supplemental Bills I-V, 2002 General and Special Sessions. Other funds as estimated by agency

**Purpose**

Instructional Delivery assesses UEN user needs, provides direct user support, identifies strategic direction for distance learning services, and manages UEN’s contractual obligations. It also operates the UEN Satellite System (UENSS) and directs the Eccles Broadcast Center building project.<sup>9</sup>

An organization chart of Instructional Delivery follows.

<sup>9</sup> Petersen, Mike. FY 2004 Budget Submission to the Governor’s Office of Planning and Budget. September, 2002.



10

<sup>10</sup> *Instructional Delivery Org Chart.. Instructional Services – Utah Education Network.* Utah Education Network. January 21, 2003. [http://www.uen.org/services/html/instdelivery/uen\\_id.pdf](http://www.uen.org/services/html/instdelivery/uen_id.pdf).

**4.0 Additional Information**

**4.1 Funding History**

	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
<b>Financing</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Estimated*</b>	<b>Analyst</b>
General Fund		16,900	252,800	12,903,300	12,903,300
General Fund, One-time		(200)	2,335,900	104,100	
Uniform School Fund	10,947,600	10,975,000	10,936,800		
Uniform School Fund, One-time		2,000,000	2,606,400		
Income Tax			450,100		
Income Tax, One-time		4,900	(263,400)		
Federal Funds		3,346,800	2,501,400	4,195,000	4,195,000
Dedicated Credits Revenue			582,600	891,800	1,037,000
Interest Income		1,084,100			
Transfers	811,750	(160,200)	426,100	373,400	186,900
Beginning Nonlapsing	832,289	1,811,100	3,143,200	3,924,900	
Closing Nonlapsing	(408,891)	(2,558,600)	(3,924,900)		
<b>Total</b>	<b>\$12,182,748</b>	<b>\$16,519,800</b>	<b>\$19,047,000</b>	<b>\$22,392,500</b>	<b>\$18,322,200</b>
<b>Programs</b>					
Administration			3,401,100	2,321,100	1,381,300
Public Information			347,600	373,700	375,400
KUED Digital Television			365,600		
KULC Broadcast			618,400	3,782,700	590,700
Technical Services			11,157,200	12,476,000	12,557,700
Instructional Services			2,429,900	2,712,500	2,696,400
Instructional Delivery			727,200	726,500	720,700
UtahLINK	12,182,748	16,519,800			
<b>Total</b>	<b>\$12,182,748</b>	<b>\$16,519,800</b>	<b>\$19,047,000</b>	<b>\$22,392,500</b>	<b>\$18,322,200</b>
<b>Expenditures</b>					
Personal Services	4,447,088	5,255,800	6,326,300	6,383,400	6,383,400
In-State Travel	295,374	81,200	118,900	113,700	117,800
Out of State Travel		200,400	190,100	185,200	189,300
Current Expense	5,755,554	1,004,300	1,582,600	1,773,900	1,754,100
DP Current Expense		4,457,100	6,610,700	8,463,700	8,425,700
DP Capital Outlay		1,985,000	1,537,700	4,498,900	1,412,600
Capital Outlay	1,684,732	1,402,100	2,315,100	39,300	34,300
Other Charges/Pass Thru		2,133,900	365,600	934,400	5,000
<b>Total</b>	<b>\$12,182,748</b>	<b>\$16,519,800</b>	<b>\$19,047,000</b>	<b>\$22,392,500</b>	<b>\$18,322,200</b>
<b>FTE/Other</b>					
Total FTE	70	94	100	99	99

\*General and school funds as revised by Supplemental Bills I-V, 2002 General and Special Sessions. Other funds as estimated by agency.

Office of the  
Legislative Fiscal Analyst

## **FY 2004 Budget Recommendations**

Joint Appropriations Subcommittee for  
Higher Education

### **Utah Education Network Satellite System**

Contents:

- 1.0 Summary
- 2.0 Issues
- 3.0 Programs
- 4.0 Additional Information



**1.0 Summary: Utah Education Network Satellite System**

The Utah Education Network Satellite System (UENSS) appropriation provides television courses to remote areas throughout the state. It includes funds for a satellite uplink at Utah State University, transponders leased from a commercial geostationary telecommunications satellite, and ground equipment to receive the signal at sites throughout the state.

UENSS is available to all colleges and universities in Utah, but is dominated by course offerings from Utah State University. Its schedule is coordinated by the Utah Education Network (UEN) with courses provided over the Ednet system.

The Analyst recommends \$1,454,000 from state tax revenue for the Utah Education Network Satellite System in FY 2004.

	<b>Analyst FY 2004 Base</b>	<b>Analyst FY 2004 Changes</b>	<b>Analyst FY 2004 Total</b>
<b>Financing</b>			
General Fund	1,454,000		1,454,000
<b>Total</b>	<b>\$1,454,000</b>	<b>\$0</b>	<b>\$1,454,000</b>
<b>Programs</b>			
UEN Satellite System	1,454,000		1,454,000
<b>Total</b>	<b>\$1,454,000</b>	<b>\$0</b>	<b>\$1,454,000</b>
<b>FTE/Other</b>			
Total FTE		5	5

## **2.0 Issues: Utah Education Network Satellite System**

### **2.1 Impact of 2002 Sixth Special Session**

As part of its December, 2002 Special Session, the Legislature reduced ongoing state budgets to fill a revenue shortfall of \$117.3 million. One-time FY 2003 stop-gap appropriations will not recur in FY 2004, thus state agency base budgets will be lower by the amount of the original cut. For the Utah Education Network Satellite System, the base reduction is \$28,200.

**General Fund.....(\$28,200)**

### **2.2 Transition to Lower Cost, Interactive Media**

In June, 2004, the Utah Education Network's contract with its satellite transponder provider will expire. As such, FY 2004 will provide an opportunity to revisit UEN's course delivery architecture and investigate less costly, more flexible means of delivery. The Analyst recommends careful consideration of Internet Protocol based interactive video as an alternative to one-way satellite telecommunications.

### 3.0 Programs: Utah Education Network Satellite System

**Recommendation**

The Analyst recommends a maintenance-of-effort budget, reflecting an FY 2003 base budget reduction of \$28,200, for Utah Education Network Satellite Telecommunications (UENSS).

	2002	2003	2004	Est/Analyst
	Actual	Estimated	Analyst	Difference
<b>Financing</b>				
General Fund	1,526,300	1,454,000	1,454,000	
General Fund, One-time	(1,526,300)	11,800		(11,800)
Income Tax	1,492,700			
Beginning Nonlapsing	(27,600)	107,800		(107,800)
Closing Nonlapsing	(107,800)			
<b>Total</b>	<u>\$1,357,300</u>	<u>\$1,573,600</u>	<u>\$1,454,000</u>	<u>(\$119,600)</u>
<b>Expenditures</b>				
Personal Services	228,300	228,400	228,400	
Current Expense		107,800		(107,800)
DP Current Expense	1,129,000	1,237,400	1,225,600	(11,800)
<b>Total</b>	<u>\$1,357,300</u>	<u>\$1,573,600</u>	<u>\$1,454,000</u>	<u>(\$119,600)</u>
<b>FTE/Other</b>				
Total FTE		5	5	5

\*General and school funds as revised by Supplemental Bills I-V, 2002 General and Special Sessions. Other funds as estimated by agency

**Purpose**

The Satellite Telecommunications program funds higher education’s use of commercial geostationary telecommunications satellites for distance learning. It includes satellite transponder lease expenses and ground station capital costs for 163 classrooms at over 80 different locations throughout Utah and 17 more classrooms in neighboring states.<sup>1</sup>

*Base resources reduced by \$28,200*

In its attempt to address a \$117.3 million revenue shortfall for FY 2003, the Utah Legislature in December, 2002 enacted across-the-board budget cuts for state agencies, higher education, and public education. Legislators reduced ongoing appropriations for the UENSS line-item by \$28,200.

To mitigate the impact of these cuts in the short-term, the Legislature made restorations from one-time funds for FY 2003 only. In doing so it provided \$11,800 in one-time FY 2003 General Funds to UENSS. The net impact on UENSS for FY 2003 was (\$16,400).

The one-time stop-gap appropriation for FY 2003 will not recur in FY 2004, thus UENSS’s FY 2004 base is \$28,200 lower than originally appropriated during the 2002 General Session for FY 2003.

<sup>1</sup> Petersen, Mike. UEN Satellite System Major Planning Issues: 2002-2005. December, 2002.

*Satellite contract expiration an opportunity for evolution*

As technology evolves, so does the Utah Education Network. UEN regularly reviews the delivery methods funded by its main line-item. For example, it has recently begun converging its data and video networks to leverage investment in both. The next eighteen months will provide UEN an opportunity to revisit its delivery mechanisms again, this time specifically regarding satellite telecommunications.

UEN's satellite transponder contract expires at the end of June, 2004. Between now and then, network managers and their stakeholders will need to determine to what extent satellite telecommunications will be part of UEN's future network.

The Analyst urges UEN to consider lower-cost, more flexible Internet Protocol based video and audio delivery, such as "H.323", as an alternative to NTSC video via satellite. Internet-based delivery allows two-way interactive sessions. It offers opportunities for increased productivity through off-hours "batch" processing or other data transfer. It creates an incentive to "wire" remote areas of the state with high-bandwidth data transmission capabilities.

While satellite broadcasts may continue to serve a limited role in distance education, newer technologies offer greater capability at lower per unit costs.

## 4.0 Additional Information

### 4.1 Funding History

	2000	2001	2002	2003	2004
	Actual	Actual	Actual	Estimated*	Analyst
<b>Financing</b>					
General Fund	1,511,800	1,526,300	1,526,300	1,454,000	1,454,000
General Fund, One-time			(1,526,300)	11,800	
Income Tax			1,492,700		
Income Tax, One-time		200			
Beginning Nonlapsing	537,300	324,800	(27,600)	107,800	
Closing Nonlapsing	(324,800)	(324,800)	(107,800)		
<b>Total</b>	<u>\$1,724,300</u>	<u>\$1,526,500</u>	<u>\$1,357,300</u>	<u>\$1,573,600</u>	<u>\$1,454,000</u>
<b>Programs</b>					
UEN Satellite System	1,724,300	1,526,500	1,357,300	1,573,600	1,454,000
<b>Total</b>	<u>\$1,724,300</u>	<u>\$1,526,500</u>	<u>\$1,357,300</u>	<u>\$1,573,600</u>	<u>\$1,454,000</u>
<b>Expenditures</b>					
Personal Services	219,500	217,700	228,300	228,400	228,400
Current Expense	1,201,600	253,600		107,800	
DP Current Expense		923,900	1,129,000	1,237,400	1,225,600
DP Capital Outlay		131,300			
Capital Outlay	303,200				
<b>Total</b>	<u>\$1,724,300</u>	<u>\$1,526,500</u>	<u>\$1,357,300</u>	<u>\$1,573,600</u>	<u>\$1,454,000</u>
<b>FTE/Other</b>					
Total FTE		5	5	5	5

\*General and school funds as revised by Supplemental Bills I-V, 2002 General and Special Sessions. Other funds as estimated by agency.

Office of the  
Legislative Fiscal Analyst

## **FY 2004 Budget Recommendations**

Joint Appropriations Subcommittee for  
Higher Education

### **College of Eastern Utah Distance Education**

Contents:

- 1.0 Summary
- 2.0 Issues
- 3.0 Programs
- 4.0 Additional Information



**1.0 Summary: College of Eastern Utah Distance Education**

The College of Eastern Utah (CEU) Distance Education appropriation supports a network of television and computer-based courses delivered from CEU’s Price campus to a number of locations throughout CEU’s service region. In an effort to facilitate coordination between CEU and the Utah Education Network (UEN), the CEU Distance Education appropriation has since its inception been passed-through UEN.

The Analyst recommends transferring funds for CEU Distance Education from UEN to a new line-item at CEU in FY 2004.

	<b>Analyst FY 2004 Base</b>	<b>Analyst FY 2004 Changes</b>	<b>Analyst FY 2004 Total</b>
<b>Financing</b>			
General Fund	263,600	(263,600)	
Beginning Nonlapsing	145,600	(145,600)	
Closing Nonlapsing	(145,600)	145,600	
<b>Total</b>	<u>\$263,600</u>	<u>(\$263,600)</u>	<u>\$0</u>
<b>Programs</b>			
CEU Distance Education	263,600	(263,600)	
<b>Total</b>	<u>\$263,600</u>	<u>(\$263,600)</u>	<u>\$0</u>
<b>FTE/Other</b>			
Total FTE	5.5	(5.5)	0.0

**2.0 Issues: College of Eastern Utah Distance Education**

**2.1 Impact of 2002 Sixth Special Session**

As part of its December, 2002 Special Session, the Legislature reduced ongoing state budgets to fill a revenue shortfall of \$117.3 million. One-time FY 2003 stop-gap appropriations will not recur in FY 2004, thus state agency base budgets will be lower by the amount of the original cut. For the College of Eastern Utah’s Distance Education initiative, the base reduction is \$5,100.

**General Fund.....(\$5,100)**

**2.2 Transfer from Utah Education Network to College of Eastern Utah**

Since 1997, the Legislature has appropriated funds to the Utah Education Network to support the College of Eastern Utah’s Distance Education network. UEN in turn allocates the funds to CEU, but does not manage their expenditure. Given recent improvements in financial tracking and reporting at CEU, the Analyst recommends transferring the CEU Distance Education appropriation from UEN to CEU.

**General Fund at UEN.....(\$263,600)**

**General Fund at CEU .....\$263,600**

**3.0 Programs – College of Eastern Utah Distance Education**

**Recommendation**

The Analyst recommends a maintenance-of-effort budget, reflecting an FY 2003 base budget reduction of \$5,100, for the College of Eastern Utah (CEU) Distance Education program. The Analyst further recommends transferring the budget for Distance Learning initiatives at CEU from the Utah Education Network to a new line-item at CEU.

	2002 Actual	2003 Estimated*	2004 Analyst	Est/Analyst Difference
<b>Financing</b>				
General Fund	255,600	263,600		(263,600)
General Fund, One-time	(255,600)	2,100		(2,100)
Income Tax	24,700			
Income Tax, One-time	245,900			
Beginning Nonlapsing	157,600	145,600		(145,600)
Closing Nonlapsing	(145,600)	(145,600)		145,600
<b>Total</b>	<b>\$282,600</b>	<b>\$265,700</b>	<b>\$0</b>	<b>(\$265,700)</b>
<b>Expenditures</b>				
Personal Services	269,200	268,700		(268,700)
Current Expense	13,400			
Other Charges/Pass Thru		(3,000)		3,000
<b>Total</b>	<b>\$282,600</b>	<b>\$265,700</b>	<b>\$0</b>	<b>(\$265,700)</b>
<b>FTE/Other</b>				
Total FTE		5.5	5.5	0.0
				-5.5

\*General and school funds as revised by Supplemental Bills I-V, 2002 General and Special Sessions. Other funds as estimated by agency

**Purpose**

The College of Eastern Utah Distance Learning initiative supports maintenance and operation of the school’s telecommunications network. The network was established through a Star Schools grant, but has been maintained using state funds since FY 1998. It is largely operated with dedicated credits revenue.

*Base resources reduced by \$5,100*

In its attempt to address a \$117.3 million revenue shortfall for FY 2003, the Utah Legislature in December, 2002 enacted across-the-board budget cuts for state agencies, higher education, and public education. Legislators reduced ongoing appropriations for the CEU Distance Education line-item by \$5,100.

To mitigate the impact of these cuts in the short-term, the Legislature made restorations from one-time funds for FY 2003 only. In doing so it provided \$2,100 in one-time FY 2003 General Funds to CEU Distance Education. The net impact on CEU Distance Education for FY 2003 was (\$3,000).

The one-time stop-gap appropriation for FY 2003 will not recur in FY 2004, thus CEU Distance Education’s FY 2004 base is \$5,100 lower than originally appropriated during the 2002 General Session for FY 2003.

*Budget transfer to College of Eastern Utah*

Since fiscal year 1998, the Legislature has appropriated to the Utah Education Network a separate line-item for College of Eastern Utah’s (CEU) Distance Education initiatives. The practice began in 1997 to support what was then called the CEU Star School System.

As a separate line-item, the funds appropriated to UEN for CEU Distance Education cannot, and have not, been spent by UEN on its own activities. Each year, UEN has passed these funds to CEU, and CEU has determined how the funds are spent.

Given that UEN has little direct influence on the expenditure of these funds, and given recent improvements in CEU's financial tracking and disclosures to the Legislature, the Analyst recommends transferring these funds to a new line-item at CEU.

**4.0 Additional Information: College of Eastern Utah Distance Education**

	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
<b>Financing</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Estimated*</b>	<b>Analyst</b>
General Fund	248,600	257,600	255,600	263,600	
General Fund, One-time			(255,600)	2,100	
Income Tax			24,700		
Income Tax, One-time	241	200	245,900		
Beginning Nonlapsing	162,734	147,100	157,600	145,600	
Closing Nonlapsing	(147,099)	(157,600)	(145,600)	(145,600)	
<b>Total</b>	<b>\$264,476</b>	<b>\$247,300</b>	<b>\$282,600</b>	<b>\$265,700</b>	<b>\$0</b>
<b>Programs</b>					
CEU Distance Education	264,476	247,300	282,600	265,700	
<b>Total</b>	<b>\$264,476</b>	<b>\$247,300</b>	<b>\$282,600</b>	<b>\$265,700</b>	<b>\$0</b>
<b>Expenditures</b>					
Personal Services	251,541	247,300	269,200	268,700	
In-State Travel	399				
Current Expense	10,665		13,400		
Capital Outlay	1,871				
Other Charges/Pass Thru				(3,000)	
<b>Total</b>	<b>\$264,476</b>	<b>\$247,300</b>	<b>\$282,600</b>	<b>\$265,700</b>	<b>\$0</b>
<b>FTE/Other</b>					
Total FTE	6.0	5.0	5.5	5.5	0.0

\*General and school funds as revised by Supplemental Bills I-V, 2002 General and Special Sessions. Other funds as estimated by agency.